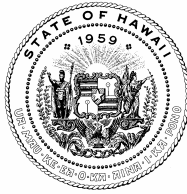


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## ***BUSINESS REGISTRATION INFORMATION RELEASE NO. 98-4***

RE: Definition of "Discretion" and "Certified Financial Statements"

The Business Registration Division ("Division") of the Department of Commerce and Consumer Affairs (DCCA) announces the following interpretation of the meaning of the term "discretion" for purposes of Chapter 38, Hawaii Administrative Rules, Relating to the Uniform Securities Act effective immediately:

Discretion shall mean an investment adviser currently registered who does not have the authority, expressed or implied, to direct funds away from any client accounts. In this context, discretion shall not mean the limited authority to direct funds within investment fund families or groups only. Discretion shall also not mean the limited authority to change the method or percentage of compensation to the investment adviser currently registered under the terms of the advisory contract provided that the broker/dealer with whom the investment adviser is registered verifies the change by written confirmation with the client and the investment adviser certifies this procedure by written affidavit delivered to the DCCA.

The Division also announces the following interpretation of the meaning of the term "certified financial statements" for purposes of Chapter 38, Hawaii Administrative Rules, Relating to the Uniform Securities Act effective immediately:

Certified financial statements shall mean audited financial statements under generally accepted accounting principles.

RYAN S. USHIJIMA  
Commissioner of Securities